MO L GOM MINING COP".

La Sal Route MOAB, UTAH 84532

RECEIVED GRAND RESOURCE AREA Phone: (801) 686-2215

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DEPARTMENT OF INTERIOR BUREAU OF LAND MANAGEMENT

September 7, 1989

r. Brad D. Palmer Area Manager Moab District, Grand Resource Area Bureau of Land Management P.O. Box M, Moab, Utah 84532

Re: Reclamation of Upper Tailings Impoundment

Dear Mr. Palmer:

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Thank you for your letter of 25 August 1989 in which you made recommendations on significant cultural sites located close to borrow areas required for reclamation of our upper tailings. We will ensure that no sites are disturbed.

This letter is a follow-up to my 20 July 1989 letter to Mr. Duncan and Mr. Venticinque's subsequent site visits. It is intended to answer Mr. Venticinque's concerns.

The initial radon cover for the upper tailings will all be provided from Borrow Area No. 2 shown on Plate 1 of the report left with Mr. Duncan at our 19 July 1989 meeting in the Moab Area District Office of BLM. The job requires about 85,000 BCY of this clay material and we estimate there is 235,000 BCY located in Borrow Area No. 2. The area is shown in green on the attached Figure 1. All borrow is located in the northeast quarter of Section 21 on Rio Algom's Sindbad 2A, 3A, and 4A unpatented mining claims. Access to the area is provided by an existing road and the material will be taken only from the closest location. It is therefore unlikely that we will need to go beyond our area fenceline or, indeed, into the Sindbad 4A claim area. Judging from the borrow thickness indicated on the above mentioned Plate 1, it is unlikely that more than eight acres will be disturbed.

A second radon cover of silt/clay will be provided from Borrow Area No. 4 as shown in red on the attached Figure 1. This borrow material is located in the northeast quarter of Section 21 and the northwest quarter of Section 22 only on Rio Algom's unpatented mining claims Sindbad 1A and 2A and Norma 9A, 10A and The area contains approximately 456,000 BCY of material, of which we will require about 215,000 BCY for the upper tailings cover. Again, judging from the thicknesses shown in Plate 1, no more than 22 acres should be disturbed.

Brad D. Palmer ptember 7, 1989 age 2

When Mr. Venticinque visited the site on 17 August 1989 we thoroughly inspected the area between Borrow Area No. 4 and the upper tailings to determine the best access route. The route selected involved minimal land disturbance. However, I have recently located a better route which provides a much more direct access to Borrow Area No. 4. This route is mostly located on a pre-1972 county road/clearing which Mr. Venticinque and I had overlooked and is shown in red on the attached Figure 1. The all from the southern part of Sindbad 1A, the western part of Norma 10A, and from Norma 11A only.

On Borrow Area No. 4 we will need to take material from beyond our existing property fence and impinge on the county road area. We will therefore re-route the county road to the standards required by San Juan. We will work with San Juan County on this. On the completion of the upper tailings in my last letter.

On his visit Mr. Venticinque asked questions relating to "socio-economic" impacts for his environmental assessment of this project. I'll attempt to answer those questions here:

Rio Algom's Lisbon Mine was developed in 1971/72. was opened in June 1972 and ran continuously until October 1988 when it was shutdown and placed on a standby basis for an indefinite time period. The mill was originally built as a 500 tons per day operation to meet uranium contract supply obligations, but had to be uprated to 750 tons per day in 1974 because the mine ore grades were not as high as predicted. mill ran at full production until September 1981, when it was necessary to cut back to half production because of a depressed uranium market and economic conditions. The labourforce was also cut in half from a peak of 260 employees. Mill production was gradually raised back to maximum rates without increasing the labourforce, but with the help of custom milling and the purchase of outside ores. The price of uranium continued to drop to the current all-time-low and the Lisbon mine reserves were finally exhausted, despite a concentrated exploration effort. mine was therefore permanently closed last October. The present labourforce of seventeen employees is engaged in site The Lisbon cleanup/reclamation and security. It is unknown at this stage whether the present mill will ever re-open.

a D. Palmer per 7, 1989

I trust the foregoing answers Mr. Venticinque's questions and concerns. If you have any further questions or need additional information, please call me at 686-2216 at any time.

Yours sincerely,

R. S. Pattison

Manager, Lisbon Operations

RSP:tw

Cc: M. D. Freeman

B. K. Reaveau

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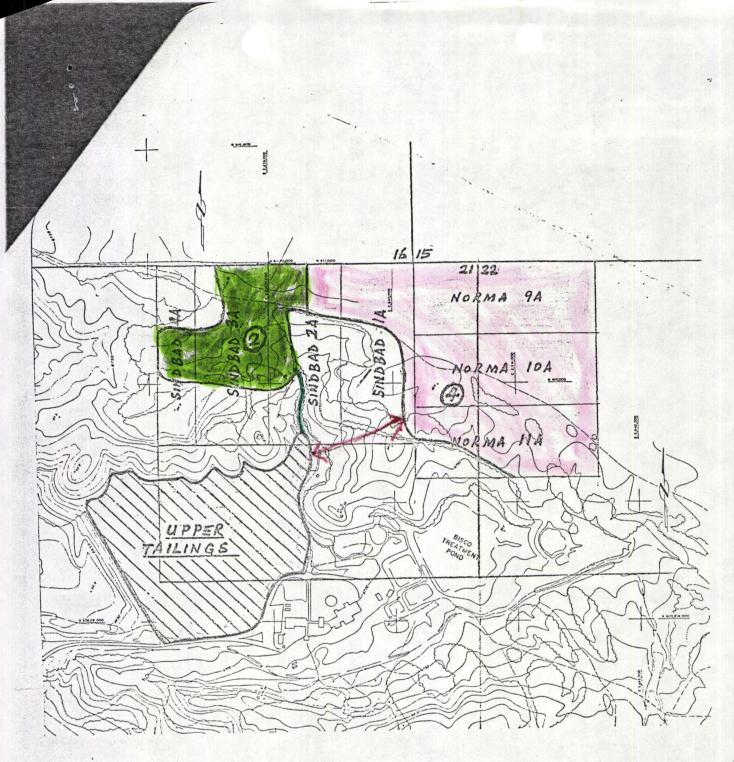


FIGURE 1 - BORROW AREAS FOR RECLAMATION OF UPPER TAILINGS